



OFFICE OF PUBLIC INSTRUCTION

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Linda McCulloch
Superintendent

November 29, 2005

To: Authorized Representatives and Clerks of IDEA Part B Projects

From: Marilyn Pearson
Assistant Director of Special Education

Re: Preliminary Maintenance of Effort (MOE) Information

School districts and special education cooperatives and consortiums must review expenditures and Maintenance of Effort figures to ensure accurate reporting. If the district and/or cooperative or consortium determines that a change is needed, an amended Trustees' Financial Summary (TFS) must be submitted to the Office of Public Instruction (OPI) by December 20. If an applicant has not maintained fiscal effort and the applicant feels that it has an "allowable exception" under 34 CFR 300.232, the applicant must file a Maintenance of Effort Documentation report to the OPI for review and approval.

The Maintenance of Fiscal Effort report takes into consideration allowed reductions in FY 2005 expenditures.

Your preliminary Maintenance of Effort (MOE) information for IDEA Part B projects to begin July 1, 2006, is now available on OPI's Web site at:

<http://www.opi.mt.gov/SpecED/MOE.html>

School districts and special education cooperatives should review expenditures and Maintenance of Effort figures to ensure accuracy of reporting. If the district and/or cooperative or consortium determines that a change is needed in the FY '05 Trustees' Financial Summary, an amended Trustees' Financial Summary must be submitted to the OPI by December 20. If effort has not been maintained and the district and/or cooperative or consortium feels it may have an allowable exception, it must submit the required documentation to the OPI by the December 20 deadline. Final Maintenance of Effort reports will be available to applicants in April. The reports will reflect any amendments or approved exceptions to the expenditures reported for state fiscal year '05.

"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."

Your maintenance of effort report consists of the following:

1. MOE Report comparing total allowable expenditures and expenditures per capita for two years using **State and Local funds**. This comparison takes into consideration any allowable reductions available for the expenditure years being compared.
2. MOE Report comparing total allowable expenditures and expenditures per capita for two years using **Local funds**. This comparison takes into consideration any allowable reductions available for the expenditure years being compared.
3. Line item report listing expenditure codes and amounts for the two years being compared. This allows the applicant to review the allowable expenditures pulled from the Trustees' Financial Summary.

Each maintenance of effort report, as described in No.1 and No. 2 above, also provides information to the applicant on the amount of allowed reduction in fiscal effort for the 2005-2006 school year.

Following is a description of the process used by the Office of Public Instruction to determine if an applicant has maintained effort, an explanation of terms used, and procedures to follow if your report shows that you, as an applicant, have not maintained fiscal effort.

How Maintenance of Effort is Determined and How You Can Tell if You Maintained Effort:

1. **State and Local Funds Report:** For each entity participating in the application, the OPI compares expenditures made for special education, **using State and Local funds**, for the last two years, minus any allowable reduction. Expenditures are compared on a dollar-for-dollar basis, as well as per capita, using child count figures reported for the same years. The MOE is based on the **sum total of expenditures reported by all entities** participating in the application.

If a YES appears following any question on the Preliminary Maintenance of Effort Report for State and Local Funds, the applicant has maintained effort and no further action is required.

If NO appears after each (every) question, refer to the Local Funds Report.

2. **Local Funds Report:** For each entity participating in the application, the Office of Public Instruction compares expenditures made for special education, **using Local funds**, for the last two years, minus any allowable reduction. Expenditures are compared on a dollar-for-dollar basis, as well as per capita, using child count figures reported for the same years. The MOE is based on the **sum total of expenditures reported by all entities** participating in the application.

If a YES appears following any question on the Preliminary Maintenance of Effort Report for Local Funds, the applicant has maintained effort and no further action is required.

If NO appears after each (every) question, the applicant should:

- A. Review the Trustees' Financial Summary for FY '05 to ensure accuracy of reporting of special education expenditures. If it is determined there are errors, the district(s)/cooperative must submit an amended TFS report to the OPI by December 20.
- B. If the district(s)/cooperative feel it may have an "allowable exception(s)," it should submit an Individuals With Disabilities Education Act (Part B) Maintenance of Effort Exception(s) Documentation report by December 20 to Marilyn Pearson, Division of Special Education, OPI. A copy of this report is available at <http://www.opi.state.mt.us/SpecEd/index.html>. Scroll down to the Site Directory and under Fiscal, click on the link called MOE Exceptions Form.

How Are **State And Local Fund** Expenditures Determined?

State and Local Fund expenditures are those expenditures reported on the Trustees' Financial Summary determined as "allowable expenditures" based on revenue and expenditure codes for the purpose of Maintenance of Effort. This **does not include** expenditures reported in Fund 15 – Miscellaneous Fund if they have a revenue source code identifying them as federal funds.

How Are **Local Fund** Expenditures Determined?

Local Fund expenditures are those expenditures reported on the Trustees' Financial Summary determined as "allowable expenditures" based on revenue and expenditure codes for the purpose of Maintenance of Effort. Local funds will equal the allowable expenditures minus state funds (Instructional Block grant, Related Services Block grant, and Reimbursement for Disproportionate Costs and minus Reversion), including cooperative travel and administrative entitlements.

Allowable Reduction

What is an "**allowable reduction**?" (Reference: IDEA 2004 Section 613)

An applicant may treat as local funds up to 20 percent of the amount of Part B funds it is eligible to receive that exceeds the amount it was eligible to receive under Part B for the previous fiscal year.

An allowable reduction will be calculated by the OPI by comparing the **sum** totals of Part B Grant allocations, excluding supplemental and capacity building funds, for two years. If there is a decrease in the level of effort by the applicant, the calculation must evaluate that decrease to

determine if the decrease is within the range of the allowable reduction. If it is, the applicant has maintained effort and the decreased level of effort becomes the “level” at which expenditures must be maintained for the ensuing year.

Note: Effective with the 2005-2006 school year, and in accord with Section 613 of IDEA 2004, an applicant may treat as local funds up to 50 percent of the amount of Part B funds it is eligible to receive that exceeds the amount it was eligible to receive under Part B for the previous fiscal year. The allowed reduction is calculated by the OPI based on the sum totals of Part B Grant allocations, excluding the supplemental and capacity building funds, for two years.

If the applicant uses a portion of its FY '06 Part B allocation for Early Intervening Services and/or Schoolwide Programs under Title I of the ESEA, that same amount of funding must be ‘deducted’ from the allowed reduction amount. Therefore, the ‘allowed reduction’ that an applicant is eligible to take will be less than the reported amount on the MOE report. Following is an example:

OPI reported allowed reduction for 2005-2006	\$20,000
Applicant uses Part B funds for Early Intervening Services in the amount of \$5,000	- 5,000
Applicant uses Part B funds to support Schoolwide Programs in the amount of \$1,000	- 1,000
Total Amount allowed for reduction	\$14,000

Approved Exceptions

What are “**approved exceptions**?” (Reference: 34 CFR 300.232)

A district or a cooperative may reduce the level of allowable expenditures if those expenditures are attributable to:

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel who are replaced by qualified, lower-salaried staff;
2. A decrease in the enrollment of children with disabilities (Note: this calculation, on a per capita basis, is already done by the OPI as a part of the MOE report);
3. The termination of the obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program because the child:
 - (a) has left the jurisdiction of the agency;
 - (b) has reached the age at which the obligation to provide FAPE has terminated;or

- (c) no longer needs the program of special education;
- 4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

An exception will be allowed if it meets the standard set forth in IDEA regulations (above) and there was a decrease in **an applicant's** level of expenditures between the two expenditure years being compared. The exception will be approved **at the level needed to show Maintenance of Effort**. The exception is applied for by a participating district in the consolidated application (or the applicant in a single application) or a cooperative and is included in the calculation of the **sum** total level for the applicant. This becomes the "level" at which expenditures must be maintained for the ensuing year.

APRIL FINAL REPORT

In April, a final maintenance of effort report will be provided to Part B applicants. The reports are final and informational only. They should be used when completing the IDEA Part B application. The final MOE report will include the following information:

1. MOE information comparing total allowable expenditures and expenditures per capita for two years, **using State and Local funds**. This comparison takes into consideration any approved allowable decreases available for the expenditure years being compared.
2. MOE information comparing total allowable expenditures and expenditures per capita for two years, **using Local funds**. This comparison takes into consideration any approved allowable decreases available for the expenditure years being compared.
3. The amount of allowable reduction available to the applicant for the ensuing year.

Questions regarding reporting an error on the Trustees' Financial Summary or submitting an amended Trustees' Financial Summary should be directed to Jim Oberembt at 444-1257.

Questions regarding the affect an amended Trustees' Financial Summary will have on reversion or disproportionate reimbursement should be directed to Bonnie Maze at 444-3249.

Questions regarding MOE regulations, how a membership change can affect maintenance of effort, submitting documentation of an exception or hearing procedures for amending a Trustees' Financial Summary after December 20 should be directed to Marilyn Pearson at 444-4428.